

South Carolina Board of Economic Advisors

Statement of Estimated Revenue Impact

Date: May 5, 2008

Bill Number: H.4876 (As amended by the Senate on 5/1/08)

Author: Cooper and Cotty

Committee Requesting Impact: Senate Finance

Bill Summary

A bill to amend Sections 9-1-1020, 9-1-1620, 9-1-1680, and 9-1-1970, all as amended, Code of Laws of South Carolina, 1976, relating to the South Carolina retirement system; by adding Sections 9-1-1625, 9-1-1665, 9-1-1975, and 9-1-1980 so as to comply with the qualification requirements of the Internal Revenue Code for this retirement system with regard to employee benefits, employer contributions, and other related matters pertaining to participation in and procedures for this system; to amend Sections 9-8-130, 9-8-190, both as amended, and 9-8-240, relating to the retirement system for judges and solicitors; by adding Sections 9-8-245, 9-8-250, 9-8-260, and 9-8-270 so as to comply with the qualification requirements of the Internal Revenue Code for this system with regard to employee benefits, employer contributions, and other related matters pertaining to participation in and procedures for this system; to amend Sections 9-9-70, as amended, 9-9-120, 9-9-180, as amended, and 9-9-240, relating to the retirement system for members of the General Assembly; by adding Sections 9-9-245, 9-9-250, 9-9-255, and 9-9-260 so as to comply with the qualification requirements of the Internal Revenue Code for this retirement system with regard to employee benefits, employer contributions, and other related matters pertaining to participation in and procedures for this system; to amend Sections 9-11-150, 9-11-210, 9-11-270, all as amended, and 9-11-350, relating to the South Carolina police officers retirement system; by adding Sections 9-11-155, 9-11-175, 9-11-355, and 9-11-360 so as to comply with the qualification requirements of the Internal Revenue Code for this retirement system with regard to employee benefits, employer contributions, and other related matters pertaining to participation in and procedures for this system; to amend Section 9-16-20, as amended, relating to the investment of assets of the South Carolina retirement systems, so as to comply with the qualification requirements of the Internal Revenue Code; to amend title 9 by adding chapter 12 so as to provide for qualified excess benefit arrangements; to amend Sections 9-1-10, 9-1-1140, and 9-1-1620, all as amended, relating to the South Carolina retirement systems; by adding Sections 9-1-320, 9-1-1135, and 9-1-1775 so as to codify certain regulations to further identify the plan document for compliance with the qualification requirements of the Internal Revenue Code for this retirement system; to amend Section 9-8-70, as amended, relating to the retirement system for judges and solicitors; by adding Sections 9-8-35 and 9-8-185 so as to codify certain regulations to further identify the plan document for compliance with the qualification requirements of the Internal Revenue Code for this retirement system; to amend Section 9-9-70, as amended, relating to the retirement system for members of the General Assembly; by adding Sections 9-9-31 and 9-9-175 to further identify the plan document for compliance with the requirements of the Internal Revenue Code for this system; to amend Sections 9-11-50 and 9-11-150, both as amended,

South Carolina Board of Economic Advisors

Statement of Estimated Revenue Impact

relating to the South Carolina police officers retirement system; by adding Sections 9-11-35, 9-11-125, and 9-11-265 so as to codify certain regulations to further identify the plan document for compliance with the qualification requirements of the Internal Revenue Code for this retirement system; and to provide that upon the effective date of this act, regulations 19-900 through 19-997 of the South Carolina code of regulations shall have no application to the operation of Title 9 of the 1976 code.

REVENUE IMPACT ^{1/}

This bill would decrease General Fund income tax revenue by \$1,593,203 in FY 2008-09.

Explanation

This bill modifies and updates South Carolina statutes pertaining to the various retirement systems to comply with the qualification requirements of the Internal Revenue Code. Any sections of the bill not specifically addressed below are not expected to have an impact on state or local revenues.

Section 54. This section updates conformity to the Internal Revenue Code as amended through December 31, 2007. Based on an analysis of federal law changes impacting South Carolina taxpayers included in the Small Business and Work Opportunity Tax Act and the Mortgage Forgiveness Debt Relief Act of 2007 by the Department of Revenue, we expect that the net effect of the various tax law changes will decrease General Fund income tax revenue by \$1,593,203 in FY 2008-09.

/s/WILLIAM C. GILLESPIE
William C. Gillespie, Ph.D.
Chief Economist

Analyst: Shuford

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact, or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.